

California Workers' Compensation DWC 24th Annual Educational Conference

Los Angeles February 23 & 24, Oakland March 2 & 3, 2017



California Workers' Compensation Market Share Top 5 Insurers & Insurer Groups - 2015

➤ INSURERS:	Market Share	Loss Ratio
1) State Compensation Ins. Fund	13.2%	77.22%
2) Travelers Property Casualty Co. of America	5.9%	52.91%
3) Insurance Co. of the West	5.5%	45.32%
4) Security National Ins. Co.	4.0%	48.79%
5) Zurich America Ins. Co	3.2%	84.05%
➤ INSURER GROUPS:		
1) State Compensation Ins. Fund	13.2%	77.22%
2) Berkshire Hathaway Grp (9 insurers)	10.8%	44.83%
3) AmTrust NGH Group (5 insurers)	6.9%	56.14%
4) Travelers Grp (8 insurers)	6.0%	54.30%
5) American Assets Grp (1 insurer)	5.5%	45.32%

CA Department of Insurance Rate Regulation Branch – Rate Filing Bureau

- In California, workers' compensation is “*file-and-use*”.
- Cos. must file all rates and supplementary rate information. » CIC §11735(a)
- “Supplementary Rate Information” (SRI) – any manual or plan of rates, classification system, rating schedule, minimum premium, policy fee, rating rule, rating plan, and any other similar information needed to determine the applicable premium for an insured. » CIC §11730(j)

CA Department of Insurance Rate Regulation Branch – Rate Filing Bureau

- **In 2014, CDI received 450 WC filings.**
- **In 2015, CDI received 516 WC filings.**
- **In 2016, CDI received 580 WC filings.**

WHY SO MANY FILINGS?



Insurance Commissioner Advisory PPR Decisions In 2016

- **May, 2016 – Adopted and issued a revised pure premium rate effective July, 1.**
 - **Approved Advisory Claims Cost Benchmark => \$2.30 (eff. July 1, 2016);**
 - **Mid-year change due to reduction in WC insurers' medical costs;**
 - **10.5% lower than the average industry-filed pure premium in eff. Jan 1, 2016 => \$2.57;**
- **Oct, 2016 - Insurance Commissioner's Decision and Order:**
 - **Approved Advisory Claims Cost Benchmark => \$2.19 (eff. Jan 1, 2017);**
 - **13.8% lower than the average pure premium rate insurers were estimated to already have on file as of July 1, 2016 => \$2.54.**

California Workers' Compensation Changes/Trends

Predictive Models:

- **Refines pricing to determine how much each risk should be charged.**
- **Analysis of large datasets to determine loss predictor variables.**
- **intuitive and non-intuitive correlations between variables.**
- **Examples include tiering/company placement by Premium size and scoring**
- **Actuarially sound versus Regulatory Concerns**

California Workers' Compensation Changes/Trends

Elimination of Anniversary Rating Date (ARD):

- **NCCI eliminating ARD's due to confusion to employers.**
- **CDI uses the WCIRB, not NCCI, as its rating bureau.**
- **CA insurers have submitted filings to adopt this change.**
- **CDI and WCIRB have discussed the impact.**
- **If allowed in CA, an insured will be charged the rate in effect during the policy term.**
- **CDI finalizing position.**

California Workers' Compensation Changes/Trends

Assembly Bill 2283 (Effective 1/1/17):

- **Changed definition of employee (ee) and exclusions to that definition.**
- **Certain officers and directors that were previously excluded from coverage must now be covered.**
- **Option to Waive coverage for these ee's if a waiver is received and accepted by the insurer.**
- **Applies to all WC policies, including in-force policies.**
- **Disruptions to insurers and employers expected.**
- **Interpretation of the law must be made by judges**
- **SB 189 – expands the scope of a certain officers and directors that are excluded from the definition of employee.**
- **Link to CDI information: <http://www.insurance.ca.gov/0400-news/0100-press-releases/2016/release117-16.cfm>**

CDI WC RESOURCES

- **The CDI has a number of rate resources that allow the consumer and insurance professional to find out what an insurer may charge for a WC policy.**

- 1) Workers Compensation Rate Comparison – For the Top 50 WC insurers, the rate for each classification code is displayed.**


<http://www.insurance.ca.gov/01-consumers/105-type/9-compare-prem/wc-rate/>

- 2) Web Access To Rate Filing Forms – WC rate filings are public documents and can be viewed online. This contains more detailed information about the insurer's rates and rating plans.**

<https://interactive.web.insurance.ca.gov/warff/index.jsp>

CDI WC RESOURCES

- **The CDI has a number of WC information resources that may be helpful to the consumer and insurance professional.**
 - 1) Workers' Compensation Information Guide**
 - 2) Licensed Workers' Compensation Insurance Companies**
 - 3) Insurance Company Profiles**
 - 4) Workers' Compensation Employer Formal Appeal and Review Process**



The End

That's All Folks!!!!